

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
PENNZOIL EXPLORATION AND PRODUCTION
COMPANY FOR APPROVAL OF AN UNORTHODOX
OIL WELL LOCATION, LEA COUNTY,
NEW MEXICO

RECEIVED

MAY 7 1990

OIL CONSERVATION DIVISION

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A P P L I C A T I O N

COMES NOW PENNZOIL EXPLORATION AND PRODUCTION
COMPANY, by and through its attorneys, KELLAHIN, KELLAHIN &
AUBREY, and applies to the New Mexico Oil Conservation
Division for approval of an unorthodox oil well location,
for its Pepco #5 State 16 Well to be drilled to a total
depth of approximately 12,100 feet to test the Strawn
formation in the undesignated Northeast Lovington Penn Pool,
at a location 2310 feet from the South line and 900 feet
from the West line of Section 16, T16S, R37E, N.M.P.M., Lea
County, New Mexico with the dedication of a spacing and
proration unit thereto consisting of 80 acres, more or less,
being N/2SW/4 of said Section 16 and in support states:

1. Applicant, Pennzoil Exploration and Production Company, is the operator of and has the right to drill and develop the N/2SW/4 of Section 16, T16S R37E, N.M.P.M., Lea County, New Mexico.

2. Applicant proposes to develop said spacing unit by the drilling of a well at an unorthodox well location 2310 feet from the South line and 900 feet from the West line of said Section 16 as shown on Exhibit 'A' attached hereto.

3. Applicant proposes to dedicate the N/2SW/4 of Section 16 to the well for any production from the Strawn formation in the Northeast Lovington Penn Pool.

4. The unorthodox well location is sought to satisfy geologic considerations in developing this spacing unit.

5. The location of the subject well for a test of the Strawn formation is subject to the Special Pool Rules for the Northeast Lovington Penn Pool established by Division Order R-3816 which provides in Rule 4 that wells shall be located within 160 feet of the center of a quarter-quarter section.

6. The subject well for geologic reasons is 330 feet from the North line and 420 feet from the East line of the NW/4SW/4 of Section 16.

7. The subject Section 16 has common royalty and working interest ownership.

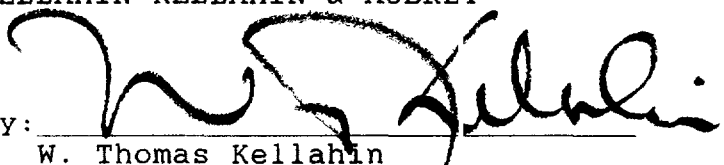
8. The subject well will be moving towards acreage owned by the parties entitled to share in production from the subject well.

9. In accordance with Division Rule 1207, there are no offset operators or working interest owners entitled to notice of this Application.

10. Approval of the Application, without a production penalty, will afford the operator and the other mineral interest owners for this spacing unit the opportunity to recover its proportionate share of the oil from the pool thereby preventing waste and protecting correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN KELLAHIN & AUBREY

By: 

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